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# **e<sup>3</sup> = earth education economics: Trends and topics at the 1<sup>st</sup> PRME Canada Regional Meeting (2013)**

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## **ABSTRACT**

This paper is a review and discussion of the recent PRME conference hosted at MacEwan University and the presentations therein. From roundtable academic debates to innovations in the aircraft industry to upcoming insurance dilemmas to issues in practicing sustainability and corporate roles in climate change, many different areas of focus came under discussion and illustrate the complex challenge that is environmentalism in the 21<sup>st</sup> century.

## **Introduction**

Grant MacEwan once wrote, "I am prepared to stand before my Maker, the Ruler of the entire Universe, with no other plea than that I have tried to leave things in His Vineyard better than I found them"(macewan.ca). These words were an undercurrent that ran throughout the recent PRME conference held at MacEwan City Centre campus. Repeated first by Dr. Paul Shrivastava (Delay, 2013), the words seemed to be the impetus not only beneath the conference's inception but also the passion

behind the speakers themselves. Students, economists, professors, business professionals, and a former politician came together to discuss new ideas on how to generate sustainable business ideas and models, to discuss current innovations and practices, from the microcosm of “utilitarian accounting” in “Walking Towards Sustainability the Corporate Way” by Niharika Sreekumar (Delay, notes) to the macrocosm of Rob de Vrind’s “Sustainable Society 3.0”.

What is PRME? A United Nations-backed initiative, PRME stands for Principles for Responsible Management Education and represent a set of voluntary principles regarding responsible management education to which business and management schools agree to adhere in the interest of developing future leaders with the necessary insights, skills, and competencies to address corporate sustainability challenges (PRME conference handout)

Over 500 schools and institutions have adopted PRME globally (PRME conference handout) and on June 11th and 12<sup>th</sup>, 2013 MacEwan University hosted the first Canadian regional PRME meeting. Called e<sup>3</sup>, it revolved around three central themes: earth, economics, and education or e<sup>3</sup>. The papers presented at the conference had to pertain to one or more of those three themes. Forty-four papers from students, academics, and business professionals were accepted and presented at the conference.

While a full discussion of the ideas presented at the conference is beyond the purview of this paper, a brief glimpse into some of the concepts that were proposed and illustrated will be attempted. Some of the presentations discussed here have been accepted into *Earth Common Journal's* PRME conference edition and can be read in full there, the only exception being “Chasing Blue Sky” by Lynn Sugden which is available already at macewan.ca. The presentations that will be discussed here are: “The current sustainable initiatives that the aircraft industry is making” by Bretton Weir, “Competing on climate change: An interprovincial, longitudinal review of emerging environment risks to Canadian homeowners” by Adam Henley, “Walking towards sustainability the corporate way” by Niharika Sreekumar, “Chasing blue sky: Environmentally sustainable practice in a market economy” by Lynn Sugden, and last, but not least, “Sustainable Society 3.0” by Rob de Vrind.. Many of the quotes cited from these presenters were documented in my notes and are used from there. Some come from papers that were already available at the time of the conference. For the sake of brevity, these presentations will be referred to only by the first portion of their names. Information on the presenters comes from the conference handout that was given to attendees.

## **Presentations**

The first presentation looked at is “The current sustainable initiatives that the aircraft industry is making” by Bretton Weir. This presentation looks at how the aircraft industry has taken steps to become more sustainable. While many of their innovations are “motivated by the high price of oil” (notes), Weir notes two examples of the aircraft industry’s change of perspective: the creation of the Boeing 787 Dreamliner and Airbus A380 passenger planes, both of which have a higher fuel efficiency than previous models. One of the statistics quoted is that while 20% of greenhouse gas emissions come from the transportation industry, only 3-5% come from airlines. Acknowledging our society’s dependence on aircraft, Weir emphasizing that “We must lower this impact while not reducing the availability” and there is a “need to realize a balance between environmentalists and manufacturers”. It is interesting to note that while their motivations may not be the purest, for an industry like airlines to start taking steps towards becoming sustainable over time emphasizes how the industry is shifting, perhaps slowly, in a new direction.

“Competing on climate change” by Adam Henley seemed to be oddly prescient given the recent flooding that occurred in southern Alberta. Henley brings up many crucial points about an industry many do not often think of: insurance. Bringing to attention the increase in meteorological disasters across Canada, Henley noted, “weather-based loss costs are increasing substantially” (notes). Costs both to government and private insurers. Citing the possibility of, in the face of rising claims, many insurers may decide to no longer cover disaster related damages, Henley argues for the need to “build consensus”, that we “need to change economic climate...to improve economy.” Henley proposed a few remedies that could be applied to stem the tide of damages. One remedy included the following: “insurers should be coaching communities on how to minimize their risks. Talk to people at the local level.” That by insurers taking the initiative to educate communities on more effective building and planning strategies, future disaster costs could be minimized. The other remedy is a change in insurance regulations. One of which is, perhaps, that wealthier consumers, who may be better able to defray the higher costs, taking on a higher deductible for themselves, so that less wealthy consumers may still be able to be covered for weather-based disasters. While insurance is not a topic many people often think about being affected by climate change, Henley’s presentation emphasizes the need for perspicacity in all areas that could pertain to sustainability and global warming.

Continuing on the theme of corporate social responsibility (CSR) is Niharika Sreekumar's presentation "Walking towards sustainability". Arguing that in order to replenish nature "the key is to hold the giant corporations responsible for 'sustainability'" (notes), Sreekumar asserts that corporate management "must factor environment costs into profit predictions". What she calls "utilitarian accounting". This form of accounting looks "from a social welfare accounting perspective and not just economic," factoring in all possible variables including any potential cost to environment.

The idea of a holistic approach to accounting may seem like a large undertaking, in some circumstances even as impossible, because the almost philosophical questions that would derive from it. Questions such as: what valuation can you put on intangibles such as clean air and water or is a pine forest in the Shield equally or less valued than one in the Arboreal Forest? However, the idea of factoring in these intangibles is as important to the idea of sustainable business practices as producing sustainable products would be.

Lynn Sugden's presentation "Chasing Blue Sky" could be seen as equally controversial to some. Arguing for the concept of "business as savior" (notes), that business has the capacity to effect real, sustainable change. To do this, the public perception of industry as enemy must change as well (Sugden, p. 2). Asserting that because while the populace may want change, it has little power without consensus, and government is often too slow to respond as it must balance economic with environmental concerns, industry is poised to effect change if it believes that change is in its best interest (pp. 2-3) because of its greater power in society.

The second to last presentation discussed is "Sustainable society 3.0" by Rob de Vrind. What made this presentation different than the others was that instead of picking one aspect of business or society to focus on, de Vrind proposes to change our society and the way we do business entirely. This macrocosmic view relies on the concept of a circular economy (notes), wherein all areas of life from roads to mobile phones are designed to be sustainable. He argues that in "the future the only two businesses will be sustainable business and broken down ones" (notes). This presentation, and the paper it is based on, dealt with many more facets than just the concept of radically changing all aspects of our modern world, tailoring them for maximum efficiency and sustainability, puts a new emphasis on the need to create a better world.

## Discussion

*e*<sup>3</sup> = *earth economics education*. These were the themes of the conference and the five presentations selected for review, I believe, drive home these themes. Henley's concept of educating homeowners and communities as to development and disaster risks, and the rising costs that would precipitate the need to do so, drive home the need for better communication and cooperation between the general populace, business, and government. All three are key stakeholders in mitigating weather-related disaster losses, both in terms of economic and human costs. As Henley noted, currently "insurance is based off of human security, not human sustainability", that urban and industrial development is encroaching further into forests, which raises wildfire losses, such as those seen in Sylvan Lake two years ago.

And while not surprising for an economics-based conference, all of the presentations discussed or debated business's role in creating a sustainable future. As Sugden noted, businesses of any size or stripe have a capacity for change that neither government nor the general populace possess. They have the economic leverage and position to effect real change. Whether due to enlightened self-interest, as is the case in the airline industry (as noted by Weir) or through altruism or a social justice ethos, there are many ways that businesses may find to become more sustainable and drive positive change. And if laws were changed, so that they were responsible for accounting for costs to the environment, as Sreekumar challenges them to, could potentially drive businesses to become more efficient and profitable in the long-term.

The hardest concept of the five presentations to be realized is that of "Sustainable Society 3.0". Governments and businesses have a piecemeal approach to change: one environmental regulation here, one new environmental best practice there. In order to create the society that de Vrind envisions, while not impossible, would involve a great change of perspective from all three stakeholders: business, government, and the general populace. All three would have to take the leap of faith together in order for any change to last.

While it could be possible with only one or two, the potential for negative change in society would be there. For example, if government were to over-ride the wishes of its citizenry and business partners, without consultation and without their goodwill, then while change may be effected in the short-term, there is no guarantee of longer-lasting sustainability, due to the more fractious political atmosphere.

## Conclusion

Climate change is undeniable. During the conference itself, the city of Edmonton was under a deluge of water and hail many of the downtown streets were flooded, to the point where, as I was trying to make my way out of the city, the water running through the streets was making waves high enough to reach the top of my tires. This deluge and the recent flooding in Southern Alberta and extreme weather in other areas of the globe drove home for me the impetus behind the conference: that, as humans, we have to face the reality of a changing world, adopt new behaviors and realign our values to what is needed.

To do so means realizing that business can drive social change, that industry, government, and the public must take up their roles as stakeholders in determining the future of our society, and that even industries commonly vilified for their paltry environmental practices are taking steps to change.

While this conference and others like it will not change the world by itself, it can inspire those attending to go out and build a sustainable future. Using education and economics to heal the Earth and allow for it to thrive in the future. The world is more than a vineyard, and it will take all of us to leave it better than we found it.

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